

1998-1999 Update on USAID-Supported Environmental Endowments

April 28, 1999

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Environmental Information Clearinghouse (EIC) Project

[PCE-I-00-97-00031-00]

USAID Global Environment Center

No sensitive information included

Acknowledgments

Valuable comments and insights from reviewers significantly enhanced the content and presentation of this paper. Reviewers who provided comments included the following: from USAID — Barbara Belding, Armando Busmail, Jane Marks, Wouter Sahanaya, Bob Siegel, Ben Stoner, Jose Ernesto Wijanco, and Frank Zadroga; from other agencies and organizations — Rob Aldrich, Meg Falter, Ismid Hadad, Monica Jerbi, John Michael Kramer, Ruth Norris, Lorenzo Rosenzweig, Scott Smith, and Barry Spergel. Special thanks go to Victor Bullen and Eric Fajer at USAID for their active contributions.

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Executive Summary

This report, *1998-1999 Update on USAID-Supported Environmental Endowments*, provides information about the U.S. Agency for International Development (USAID) use of endowments to support conservation and environmental objectives in developing countries. It reviews the major issues the Agency has faced or will face in supporting endowments, examines four case studies of USAID-endowed foundations, and highlights known impacts¹ and key lessons learned from the use of this mechanism. The information it contains is based on a literature search on the endowments record of the Agency and third parties, such as the Global Environment Facility and the Interagency Planning Group on Environmental Funds; communication with the four foundations used as case studies; and discussions with Agency staff with experience in establishing or advising endowed foundations.

The four USAID-funded environmental endowments presented as case studies are the Indonesia Biodiversity Foundation (KEHATI); the Mexican Nature Conservation Fund (FMCN); the Foundation for the Philippine Environment (FPE); and the Honduran Foundation for Environment and Development (Fundación VIDA). The four foundations' history and background, current status and issues, funding, personnel, size of grants distributed, management bodies, known program impacts, and plans are examined. Highlights of program impacts include the following:

- KEHATI's programs have helped raise environmental awareness of local people and promoted more effective land use and adoption of appropriate technologies. Perhaps most importantly, the institution's leaders have assessed the outcome of their first phase and addressed deficiencies (e.g., increased need for public awareness and institutional capacity building programs) in planning for phase two. An external evaluation being undertaken jointly with USAID will contribute to the completion of internal assessments.
- FMCN has helped strengthen the conservation sector in Mexico through institution strengthening workshops for nongovernmental organizations (NGOs), publishing a Mexican Conservation Directory, providing grants to community groups that might otherwise have missed the opportunity to contribute to conservation, and using a process of national consultation to establish its structure. The institution has also initiated the use of strategic planning and monitoring data collection at the program level and for certain projects. FMCN has also been key in establishing a Latin American consortium of national environmental endowments.
- FPE has provided more than \$700,000 for 220 activities in training, conferences, workshops, and advocacy; has provided leadership in conceptualizing and developing more than 48 projects aimed at strengthening national, regional, and community-based conservation projects; and has helped formulate a national policy regulating the scientific and commercial use of genetic resources.
- Fundación VIDA has contributed to the conservation of natural resources and stabilization of agricultural production systems, maintenance of biodiversity and water resource systems through promoting alternatives to slash and burn, protection of natural resources through community participation, and other approaches. The foundation estimates that its grant-making program has had positive impacts on more than 1.5 million Honduran residents.

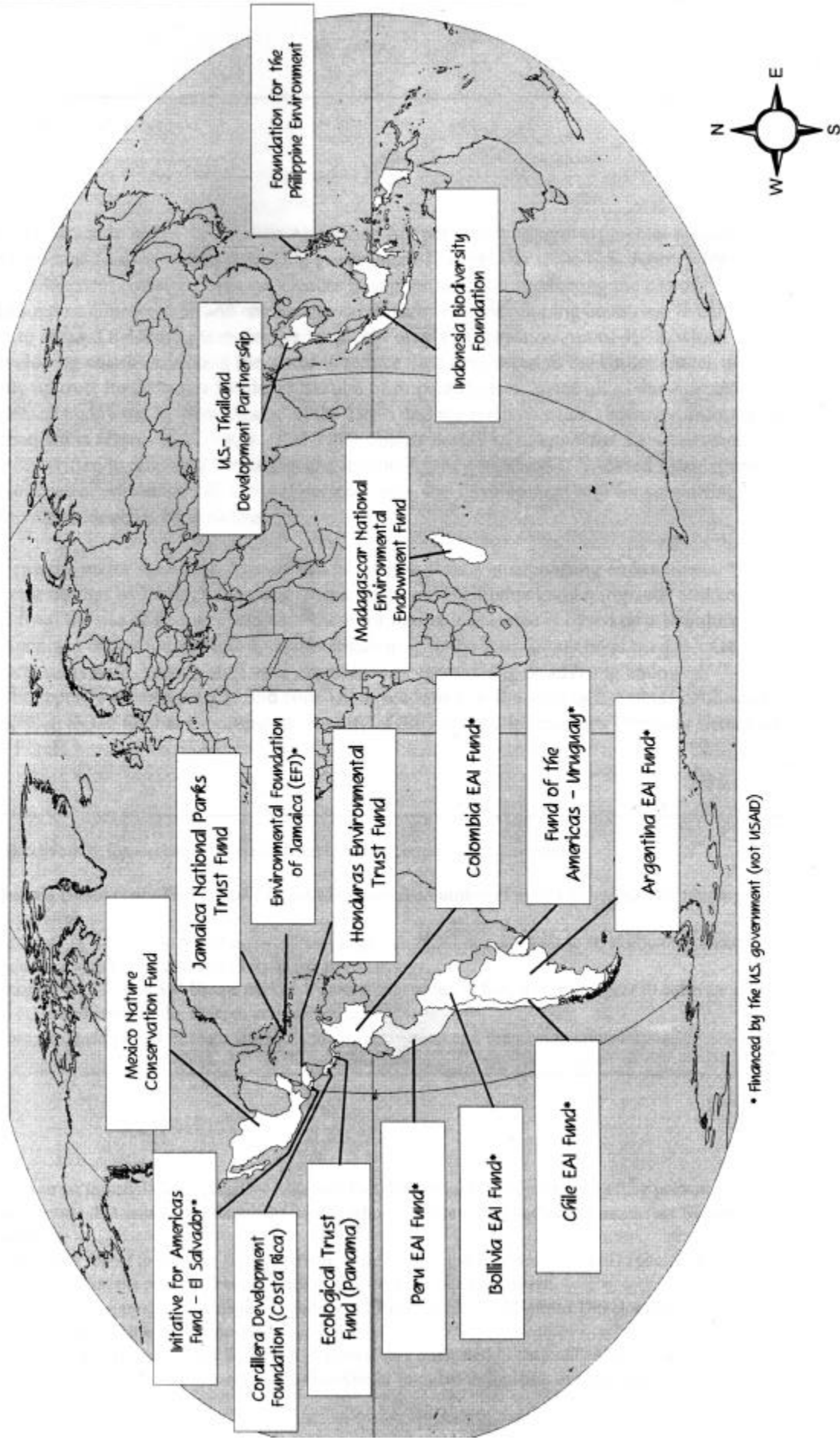
The report cites seven lessons learned, drawn from the experiences of USAID and others. They are as follows:

¹ "Impacts" is used in this report to indicate the positive or negative changes in developmental capacity or environmental protection that the programs being discussed have influenced or caused.

1. Asset management: Endowment capital that is maintained in a U.S. or other stable currency generally provides a more consistent source of funding than local currency investments for the immediate future.
2. Optimizing the investment: Further efforts in donor collaboration may be necessary for leveraging further support.
3. Foundations themselves must be strong and vibrant organizations, which take years to evolve. Donors need to be able to provide appropriate operational funding and technical assistance during this period.
4. Foundations and the donors that fund them should have and provide evidence of their impacts through systematic monitoring activities.
5. Foundations need to build and maintain organizational independence and local ownership through transparent procedures, broad participation, and legal protection.
6. Foundations need to balance grant-making with “environmental community-building” and dialogue.
7. The use of endowment mechanisms for conservation should be continued and expanded along guidelines established by experienced endowment managers, funders, and technical assistance programs.

The report’s primary conclusion is that, although not enough information is available yet to determine the biological conservation impacts of these endowments, they do play a catalytic role in protecting the environment in host developing countries and have other strong development impacts. These impacts include broadening understanding, support, and involvement in conservation and development; encouraging democratic discussion and collaborative methods; instilling a sense of local ownership of, and accountability for, conservation finance; and reducing dependence on outside experts or international organizations. *In addition, only endowed foundations can fund grants over a long enough period of time to ensure consistent attention to environmental and other development problems, a major difference from other USAID programs that carry out local grant-making services.* The longer-term nature of endowments ultimately creates local sustainable management and financing for the environment — a key component needed for its lasting successful development. These endowments may continue to provide a promising route for achieving a broad array of environmental objectives. Broad potential exists for further efforts under the Tropical Forestry Conservation Act. However, there are many more lessons to be learned from host country counterparts and even grantee institutions than can be included in a brief desk review, and these lessons are needed to guide future Agency endowment initiatives.

Figure 1. Locations of USAID - Funded Environmental Endowments as of December 1998 *



I. Introduction

Overview

Following the 1990 amendment to the Foreign Assistance Act permitting nongovernmental organizations (NGOs) to keep interest income earned from U.S. government-funded grants, the U.S. Agency for International Development (USAID) became a leader in supporting and establishing the use of endowments to support conservation and environmental objectives in developing countries. Broad potential exists to expand these efforts under the Tropical Forest Conservation Act of 1998, which encourages developing countries around the world to reduce their debt owed to the United States in return for setting up trust funds to pay for the protection of tropical forests. Since all of the Agency conservation-related endowments were created in the 1990s and are relatively new, however, information about this mechanism is scarce. This report, *1998-1999 Update on USAID-Supported Environmental Endowments*, was written to help bridge this gap and inform Agency staff and U.S.-based foundations and grant-making institutions about USAID's experience with this development tool for supporting conservation finance in developing countries.³

The report reviews the major issues the Agency has faced or will face in supporting endowments, examines four case studies of USAID-endowed foundations, and highlights known impacts⁴ and key lessons learned from the use of this mechanism. The information it contains is based on a literature search on the Agency's endowments record, communication with the four foundations used as case studies, and discussions with Agency staff with experience in establishing or advising endowed foundations. The report's lessons learned and conclusion sections also draw on assessments conducted by third parties, such as the Global Environment Facility⁵ (GEF) and the Interagency Planning Group on Environmental Funds.⁶

Box 1. Sample Biodiversity Conservation Projects from USAID-Supported Endowments

In 1996, the Indonesia Biodiversity Foundation (KEHATI) awarded a number of grants throughout its funding areas. Two of these were:

- (1) An amount of \$12,600 to the Mangrove Foundation, an NGO, for one year to rehabilitate and extend a mangrove area with the local community in Jakarta
- (2) A grant of \$4,583 to KSM Bunga Mekar, a community group in Bogor, for one year to cultivate rare forest species and fruits in the Cisarau community forest

Similar projects are being supported through USAID's other endowment and foundation contributions.

³ A detailed discussion on the challenges faced by endowed foundations and the opportunities they present is available in longer reports that provide guidance for donors who aim to establish such institutions (see Section VI for suggested readings).

⁴ "Impacts" is used in this report to indicate the positive or negative changes in developmental capacity or environmental protection that the programs being discussed have influenced or caused.

⁵ The Global Environment is a program managed by the World Bank, the United Nations Development Programme, and the United Nations Environment Programme.

⁶ The Interagency Planning Group is a working group of individuals interested in national environmental foundations, many of whom work on issues related to that type of foundation for their own agencies.

Mechanism Uses

USAID uses endowments to address problems that have a long-term time horizon. Often USAID uses the mechanism to establish and/or finance a local grant-making organization, or foundation, as a newly created entity or as one housed within an existing institution. Funds allow a foundation to provide grants to community-based groups, indigenous peoples' organizations, and other environmental NGOs; government agencies in certain cases; and other entities. ***While other USAID programs can carry out local grant-making services, only endowed foundations can fund grants over a long enough period of time to ensure consistent attention to environmental and other development problems.*** In addition, endowments provide a mechanism for USAID to maintain involvement and support for environment and development activities in countries "graduating" from USAID assistance and provide stable financing for many activities that do not fit within traditional development programs. This can be especially important for countries struggling with external debt and unreliable or insufficient national budgets (e.g., weak funding for biodiversity conservation programs).

Key Findings

Endowments play a catalytic role in protecting the environment in host countries and make other strong development impacts. Local fund management instills a sense of ownership and responsibility for environmental conservation and reduces dependence on outside experts or international organizations. Although newly endowed foundations require extensive technical assistance, operational support, and capital to become solidly established, once established, they require less external oversight than one-time projects. This local ownership, responsibility, and technical ability creates local sustainable management and financing for the environment, which needs long-term support for lasting successful development. Most importantly, perhaps, endowed foundations have inserted themselves into and have often created a national and local-level dialogue on environmental issues and conservation in their country that helped stimulate improved understanding, support, and involvement in conservation and encourage open discussion and collaborative methods.

In Latin America, for example, the success of environmental funds has built momentum and recognition for the value of sharing experiences and collaboration. The Latin America and the Caribbean region is home to some 25 operational funds, leading other regions in this innovative form of development finance. Environmental funds recently created a consortium to provide technical assistance for member-institutions on a wide variety of subjects, develop a system for regional electronic networking, facilitate exchanges among environmental endowments, and provide a vehicle for the exchange of publications and reference documents. The group's creation is a sign of a new level of maturity among environmental endowments in Latin America that will help ensure the success of their programs.

II. Endowment Models

USAID is a leader in the use of the endowment mechanism for conservation; only the GEF and a small number of other bilateral agencies have comparable experience. The Agency and/or U.S. government has directly funded 43 endowments, 17 of which support environment programming (see Appendix 1); new endowments are added to the list from time to time. All Agency conservation-related endowments were created in the 1990s and are relatively new.⁷

The multiple means USAID has for creating endowments include the following:

1. ***Appropriated Dollar Endowments.*** Before amendments were made to the Foreign Assistance Act in 1990, the Agency had limited authority to grant funds for endowments, as federal law prohibited grantees from keeping interest income. Endowments could only be established with USAID funds with specific approval from Congress, and nearly all endowments were made with local currency funds. The mechanism was rarely used. The 1990 change, however, permitted NGOs to retain interest on and establish endowments with local currency acquired through the exchange of appropriated dollars, typically through debt swaps. In 1993, Congress expanded this authority further to include endowments in dollars as well as in local currency. USAID can create an endowment with appropriated dollars.⁸ The endowment funds can be invested in the U.S. and/or other capital markets (sometimes a portion is invested in “emerging markets”). Ideally, the endowments are built to exist in perpetuity or at least long term and to disburse or use only the interest income. USAID, when involved in such transactions, requires that the national government “guarantee” these funds in case of devaluation.
2. ***Local Currency Endowments.*** Other endowments are created through the use of local currency. Agency programs utilizing this approach include the following.
 - a. ***Enterprise for the Americas Initiative (EAI).*** The EAI program was added to the Foreign Assistance Act in 1992 to “address official debt burdens in Latin American and Caribbean countries, while helping local NGOs and communities to address environment, child survival and child development.” Countries with USAID and PL-480 food aid programs and Commodity Credit Corporation lending may request a portion of their debt to be treated through the program and trust funds are created to address the above issues. To date, El Salvador, Jamaica, Colombia, Bolivia, Uruguay, Argentina, Chile, and Peru have established national environmental funds under EAI (Hester 1998), and EAI endowments have helped countries in the Latin America and Caribbean region reduce their U.S. debt by US\$1.1 billion. A U.S. government representative, usually from the USAID Mission or U.S. embassy in that country, sits on the board of such institutions.
 - b. ***Tropical Forest Conservation Act (TFCA).*** In July 1998, Congress passed into law (No. 105-214) the Tropical Forest Conservation Act, which expands the ability of U.S. government agencies to facilitate these arrangements, specifically in countries with tropical forests. EAI and TFCA will be managed under the same structure. TFCA expands the eligibility for these arrangements beyond the Americas to countries that meet criteria for having U.S. debt and significant tropical forests. For more information on TFCA, see the Congressional Web site at <http://thomas.loc.gov/>.

⁷ One exception is an evaluation of the national environmental fund in Bolivia, which received endowment funds through the Enterprise for the Americas Initiative in 1991. See Section VI for bibliographical information.

⁸ USAID’s Handbook 19 Glossary of Accounting Terms defines an “appropriation” as a “statutory authorization to make payments out of the U.S. Treasury for specific purposes.”

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- c. *Debt for Development Initiative.* In 1990, USAID announced a “debt for development initiative,” to help finance development assistance for NGOs. The Agency initiated grants of foreign assistance funds to environmental and development non-profit organizations to allow them to buy a country’s commercial debt on the secondary market. This debt would then be retired in exchange for local currency to support that and/or other institution’s development programs. This conversion of a “foreign liability into a local asset” is an important part of these transactions (Sarkar 1993). Debt reduction for the country in question is, nevertheless, a secondary objective of these transactions, due to the small size of the debt that can be reduced in this manner.

Creation of endowments is one possible use of the funds. The endowment created for the Foundation for the Philippine Environment, studied later in this paper, was established through this type of debt swap, financed by USAID and with commercial Philippine Government debt purchased by the World Wildlife Fund.

- d. *Debt Swap/Buyback Program.* In 1996, the Foreign Assistance Act was again amended to include provision for a debt swap/buyback program that would reduce or cancel concessional loans (i.e., those made under terms favorable to the debtor) made by the U.S. government to developing countries. The program was targeted at countries in the Americas that hold U.S. debt. The program has two modes to reduce debt. In a debt swap, including debt-equity, debt for development, and debt for nature swaps, the process is as described above. USAID must approve a plan for the use of the debt before it will finance the transaction. In a buyback, the debtor government pays to the U.S. in dollars the market value of the debt and contributes 40 percent or more of the purchase price of debt, or the difference between the purchase price and the face value of such debt to support environmental, child survival, or child development programs. The EAI and TFCA programs can utilize this mechanism.

USAID and other donors develop agreement papers to document the objectives, mechanisms, and limitations on the endowments. Recipient institutions often are required in these agreements to match a portion of the initial endowment amount with funds raised from other donor agencies; national government; individuals; and other sources, such as private sector donations, fees, taxes, and special events.

III. Case Studies

Following are four case studies on well-known organizations in the environment sector that have received grants from USAID to establish environmental endowments: KEHATI; the Mexican Nature Conservation Fund or El Fondo Mexicano para la Conservación de la Naturaleza (FMCN) (both endowed with appropriated funds); the Foundation for the Philippine Environment (FPE); and Honduran Foundation for Environment and Development (Fundación VIDA) (both endowed with local currency funds). While these organizations do not represent all types of USAID-supported foundations, they illustrate a range of institutional arrangements and programs. Their case studies show the process required to establish viable institutions to manage an endowment as well as the steps these institutions climbed and the challenges they overcame to reach their current status. The studies also show each foundation's known impacts, such as empowering community-based organizations (CBOs) to participate in environmental management, and emphasize each institution's strength and the role it plays in raising its nation's awareness of environmental issues. Grant-making programs are described in the context of each foundation's goals. Other issues discussed include the foundations' history and background, current status and issues, funding, personnel, size of grants distributed, management bodies, and select plans.

Case Study 1: *KEHATI* (The Indonesia Biodiversity Foundation), Indonesia

Historical background. KEHATI's endowment was created with the use of USAID-appropriated dollar funds. It was established in January 1994 with the goal of providing "a sustainable source of funding [for] the foundation's catalytic grant-making programs to conserve Indonesia's biological diversity" (USAID 1994). The foundation's goals are achieved through grants made to NGOs and scientists for environmental activities and through leadership and collaboration assistance provided in the field of biodiversity conservation. KEHATI operates independently under the control of a Board of Trustees; it also maintains a Memorandum of Understanding with the Indonesian government to periodically explore areas for collaboration on biodiversity conservation. U.S. assistance was provided through a USAID cooperative agreement.

Once established, KEHATI required about 15 months of preparatory time before the foundation met USAID's "grant-worthiness" requirements. In April 1995, the Agency and KEHATI signed a cooperative agreement that provided \$19 million⁹ for the foundation: \$16.5 million for capitalization of the endowment (invested in late 1995) and \$2.5 million for local program and operating costs. USAID programs, including the Biodiversity Support Program and the Indonesia Natural Resources Management Project, provided start-up funds, and Pelangi Indonesia, an environmental NGO, provided start-up administrative assistance to the foundation. The foundation endowment is in U.S. dollars and is invested in U.S. markets through a U.S. financial institution. It is intended to maintain its value in perpetuity and to utilize a percentage of the investment income gained from interest for its grant-making program. The estimated completion date of the cooperative agreement, when USAID oversight will end, is 2005. The agreement requires foundation managers to raise additional funds before that time.

The foundation's grant-making goals include (1) raising public awareness about biological diversity and environmental issues; (2) developing cooperative networking and empowering stakeholders in dealing with biodiversity issues; (3) enhancing institutional capacity of public, private, and community organizations in sustaining biodiversity; and (4) fostering conservation and sustainable use of biological diversity. KEHATI does this through support for public awareness-raising campaigns, community-based

⁹ To avoid confusion, amounts of financial support or endowment capital are discussed in U.S. dollar figures throughout this paper.

conservation, institution strengthening activities, biodiversity conservation and use programs, and fundraising programs to support the above.

The foundation is guided by a strategic plan and annual work plan. KEHATI builds its program priorities based on intensive consultations with key stakeholders in target regions. From 1995 through the end of 1997, KEHATI focused on strengthening its institutional capacity and in building networks and collaboration with and between public, private, and community organizations and universities. KEHATI's activity at the time began with collaboration, consultation, and networking — and added small grant-making activities. During that period, the foundation supported grant-making activities in five geographic areas — ex-situ conservation in Java, in-situ conservation in East Kalimantan, ecotourism and biodiversity conservation in Bali and Nusa Tenggara Timur, and marine biodiversity conservation in Jakarta Bay. In its first three years, KEHATI achieved significant results. It provided numerous grants in these five areas and contributed to strengthening Indonesia's environmental community and national progress on its international commitments.

The type of biodiversity conservation needs in an area and the foundation's priorities determine geographic focus. Late in 1998, KEHATI shifted its focus after reviewing programs and strategies. Through 2003, KEHATI will work in seven bio-regions of Indonesia: (1) Sumatra, (2) Kalimantan, (3) Sulawesi, (4) Java and Bali, (5) Nusa Tenggara Timur and Timor Timur, (6) Maluku, and (7) Irian Jaya. Each bio-region has its own unique biodiversity and conservation issues. Beginning in late 1998, KEHATI focused its grants for biodiversity conservation and sustainable use in six targeted eco-regions for community-based conservation management: (1) Nature Reserves in Gunung Tilu, Gunung Simpang, and Jayanti in West Java; (2) Meru-Betiri National Park in East Java; (3) Wanggameti Nature Reserve in Sumba, Nusa Tenggara Timur; (4) Arfak National Park in Irian Jaya; (5) Derawan-Sangkalaki Coral Reefs in East Kalimantan; and (6) Padaido Coral Reefs in Irian Jaya. KEHATI is working with up to 56 partners in these conservation areas (approximately seven partners per location). In addition, small grants for capacity building and community empowerment will be provided to small NGOs and CBOs operating in these bio-regions.

Current status and issues. USAID monitored KEHATI's program implementation for the first few years because the foundation was a relatively new institution and required technical and financial assistance to develop into a strong professional establishment. In addition, the newness of USAID's authority to create an endowment using appropriated dollars meant that the Agency would be especially interested in monitoring KEHATI's progress. After the first phase, USAID will monitor KEHATI's use of the U.S. government-funded endowment and general progress through its annual report and audit.

The foundation is making changes needed to improve its operations. For example, the foundation began working with a new executive director in early 1997. In addition, the first independent evaluation of the program will be conducted this year. Challenges and needs the foundation has identified in recent reports include:

- identifying ways to strengthen local people's capacity to share fairly the benefits of biodiversity conservation activities within communities
- providing professional training for staff and stakeholders
- increasing public awareness of issues to help mobilize wider support for biodiversity conservation in general and support from the private sector and concerned individual Indonesians

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- improving understanding of biodiversity conservation and grant-making procedures among grantees and applicants
 - improving local needs assessment and strategic planning to develop multi-year programs for targeted eco-regions
 - improving proposal development capacity among applicant organizations
 - improving implementation capacity among grantees
 - improving management skills among grantees
 - improving facilitation and networking support to community-level grantees
 - developing community-based conservation management systems for targeted eco-regions
 - improving indicators of progress to define KEHATI's measurable impacts

KEHATI reports also note that several factors constrain fundraising from domestic sources, including the facts that: there are no government incentives for donations to non-profit foundations; in the past, corporations were sometimes forced to contribute to various causes, leaving them reluctant to contribute now; no private philanthropy tradition exists in Indonesia; and, finally, the general newness of the biodiversity conservation issue in Indonesia makes foundation support a low priority among Indonesians (FPE 1997). The recent Asian financial crisis also has negatively affected philanthropic endeavors in the country. The foundation's endowment, however, has been affected in an *opposite* manner. The value of KEHATI's endowment, which is in dollars, grew as the rupiah plunged to a value 350 percent lower than it had been before the downturn, unlike the endowment of the FPE (Case Study 3 in this paper). The FPE, which had a significant portion of its endowment in local currency, suffered a setback estimated at 30 percent. Both institutions are struggling with the affects of these changes; how they revise their strategic plans and asset management approaches will be of interest to other endowment managers.

KEHATI is considered to have managed its endowment well. The foundation interest on investments of the \$16.5 million endowment has grown to more than \$5 million, which has been re-invested, making the total endowment value more than \$23 million in 1998 (Sahanaya 1998). About \$560,000 from the income was withdrawn last year and made available to the grant-making program and operating costs. Another \$700,000 was withdrawn in 1998, which made it possible for the first time for the foundation to meet its annual spending requirement of 3 to 5 percent of the total market value of its endowment assets, a requirement for maintaining its tax-free status.

To address the issue of applicant and grantee capacity to develop high-quality, relevant proposals, the board last year recommended such actions as establishing a program of monitoring and evaluation that uses "success indicators"; helping grantees improve information collection; targeting possible recipient groups known to be capable and reliable; providing proposal writing assistance to community groups; and developing bigger, multidisciplinary, and multiyear grants for institution building and/or scientific research in six eco-region-based conservation areas. Staff were making progress in all the areas needed to ensure these recommendations are followed as of June 1997 (KEHATI 1997b).

Funding. KEHATI's goal for the first five years was to raise an additional \$8 million, largely for operating and program expenses. For the "life of the [USAID] project," the foundation planned to raise an additional \$20 million for the endowment and \$3.7 million for program and operating costs (Hadad 1999;

USAID 1995). KEHATI's cooperative agreement with USAID required the foundation to register for private, voluntary organization (PVO) tax-exempt status under the U.S. Internal Revenue Service 501(c)3 code. This allows the foundation to maintain its operations using the invested endowment income and to raise funds from U.S.-based foundations. In the early years, the foundation received additional funds and assistance from the Government of Indonesia, the Henry P. Kendall Foundation, and the John D. and Catherine T. MacArthur Foundation, and subsequently from the United Nations Education, Scientific, and Cultural Organization; the Australian Agency for International Development; the International Plant Genetic Resources Institute; the World Bank; and the United Nations Environment Programme. Most of this support was for specific activities and did not increase the endowment.

The endowment's investment strategy has worked well; between January 1996 and July 1998 the value grew by 37.17 percent total. The foundation is required to re-invest returns (interest and dividends) sufficient to maintain the total value of the endowment. Not more than 25 percent of the 5 percent of returns can be spent on foundation administration. The portfolio, invested in a mix of equities and fixed-income securities, is in the custodianship of New York's Chemical Bank. Five percent or less is invested in emerging markets (Hadad 1998).

Management bodies. KEHATI has a 23-member Board of Trustees, with a former Minister of Environment as head. Trustees must demonstrate their commitment to objectives of the foundation before they can be selected. They meet at least once a year and have to approve the annual work plan. Original members were selected with input from a range of NGOs and from the professional, scientific, and business communities.

KEHATI also has a seven-member Executive Board. Members are selected from the trustees, meet every month, and manage policy implementation. The board has committees dedicated to investment (policies, fund management, and fund-raising) and grant-making (policies and procedures) recommendations.

Personnel. KEHATI has 10 staff members, consisting of an executive director, a deputy director, a program coordinator, a grant-making officer, an information officer, junior program officers, a finance manager, and support staff. Staff are responsible for implementing the grant-making program and the consultation, collaboration, and networking program. Trustees assist in the latter activities. The foundation has identified a need for further professional training and cross-fertilization exchanges with other countries' foundation staff for its personnel (FPE 1997). Operating costs for KEHATI were projected in the cooperative agreement to require \$3 million for the first five-year period; current data on operating costs were not available.

Size of grants distributed. KEHATI awarded 4 grants in 1995, 21 grants in 1996, and 73 in 1997. By June 1998, the total was up to 98 (Sahanaya 1998). According to a recent foundation report, the sizes of the grants range from \$4,200 to \$21,000 for NGOs and research and up to \$85,000 for multi-organizational collaboration. In mid-1997, the upper end of the grant range was extended to approximately \$127,000 per year (KEHATI 1997b). This category will apply to special grants that support an integrated approach to biodiversity conservation in a targeted eco-region, including generating benefits for local communities and forging partnerships with other organizations.

Most grants have been awarded for community-based activities and capacity building and are awarded for one year with an option to renew for an additional year (USAID 1995). KEHATI's support is viewed largely as "catalytic" funding; that is, it helps initiate an activity and provides support to an organization for building its capacity, then challenges that organization to find other sources of support.

Box 2. Examples of KEHATI's Grants

In 1995, KEHATI awarded a grant to the Women's Working Group on Agro Complex, Yogyakarta. The group was awarded a two-year grant of \$10,500 to promote the ex-situ conservation of grasses for sustained supply of animal feeds.

In 1997, KEHATI awarded grants, including (1) \$6,000 for one year to a community group to conserve local plant species on land under customary forest areas of the Menaliq mountains in Kutai and (2) \$6,500 for one year to an NGO for cultivation, conservation, and development of cotton crops and woody plants for the making of traditional dyes, preservation of traditional weaving skills, and development of ecotourism in Gunung Mutis (KEHATI 1997a).

Program impacts. The impacts of KEHATI's grantee programs are periodically assessed by program officers making site visits and through regular grantee reports. They fit into a strategic planning program designed for each region, through participatory seminars held with local NGOs and CBOs to identify priority issues.

Community-based program success is currently measured through the improvements in capacity achieved by the local groups implementing the activities. KEHATI reports identify grants of less than \$12-\$13,000 as being highly successful for community groups, likely due to their manageable size. Scientific programs that rely on community participation have not done well in integrating local perspectives into projects, which has hampered their success (KEHATI 1997).

The Women's Working Group project is a good case study of program impacts through an early grant. The 1995 project helped promote traditional knowledge; participation of local women; conservation of native species; and, by 1996, more secure fodder supplies. By 1997, after the second year of the grant, the project had helped establish a local conservation group to train and provide information to the community, had developed a community-funded collection garden of local fodder crops, and had identified opportunities for commercial use of endangered plant species.

In general, impacts noted in KEHATI's mid-1997 report after two full years of grant-making included raising awareness and organizational capacity of local people, more effective use of land, adoption of appropriate technologies for land, local governments' adopting projects and passing laws to support specific programs, and farmers and other local people becoming more interested in cultivating rare species.

Highlights of some of the foundation's "consultations" programs, impacts and support activities include the establishment of bamboo networks, important to preserving community environment and income generation; creation of an advisory group on biodiversity to the Ministry of Environment; co-sponsorship of the Global Biodiversity Forum in 1995; and sponsorship of a seminar on Plant Genetic Resources for Sustainable Food Production in 1996. In addition, the foundation sponsored a regional workshop in 1997 on "people's participation on protected area management" and a panel discussion on "Farmer's Rights," which helped air views on "knitting traditional wisdom and modern technology" in preparation for efforts to draft legislation on farmers' rights with the Ministry of Agriculture. Both the 1996 seminar and 1997 workshop had policy implications following up on the United Nations Framework Convention on Biological Diversity.

Today, the foundation staff and board members have shifted to more strategic public awareness and capacity building approaches after finding this "networking" program too small and scattered to have lasting impact. They note that they have learned that development patterns themselves are a threat to

biodiversity as well as to the sustainable resource management approaches that have been a part of some traditional societies.

Biological impacts are currently difficult to measure, in part because the initial “target outputs” identified in the USAID cooperative agreement are all institutional: numbers of newsletters published, grants awarded, meetings held, etc. In this regard, KEHATI appears to have been extremely active and to have played a key role in facilitating Indonesian society’s growing understanding of the issues around biodiversity conservation and in building networks between those working on these issues. However, under KEHATI’s second “strategic plan,” which began this year, implementers and the foundation are beginning to collect baseline data about the six geographic focus areas. Species richness is among the “indicators” that will be tracked for those regions. Community-based indicators will also be mandated.

Plans. KEHATI and USAID are discussing the possibility of having the foundation take over support for the six Indonesia sub-projects of the Biodiversity Conservation Network (BCN), a program of the USAID-supported Biodiversity Support Program, a consortium of the WWF, the World Resources Institute, and The Nature Conservancy. BCN will be completed in 1999. Each of its projects is well established and provides a good example of monitoring and evaluation activities in biodiversity conservation (Stoner 1998). Plans for an external mid-term evaluation are under way.

Case Study 2: *Mexican Nature Conservation Fund – El Fondo Mexicano para la Conservación de la Naturaleza (FMCN), Mexico*

History and background. FMCN was conceived during a conversation in 1992 at the UNCED convention in Rio de Janeiro, between then-President Salinas and Kathryn S. Fuller, President of the WWF. The foundation is dedicated to conserving natural resources and providing a consistent source of funding for initiatives in environment. USAID proposed to support the endowment to help “fill the need for a Mexican-run, permanent financing source that is readily accessible to locally based Mexican conservation organizations,” as well as to complement governmental initiatives and to provide a forum for conservation within Mexico (Weber 1995).

During the following two years, USAID and other donors funded 12 meetings — seven in the capital and five around the country — to establish a consultative process to initiate discussions among NGO representatives, government officials, conservationists, and others to generate ideas and support for the fund. Approximately 415 people from 250 organizations participated.

In October and November 1993, the governments of Mexico and the U.S. pledged \$10 million and \$20 million, respectively, to the fund. The MacArthur Foundation contributed to the foundation’s design phase. Part of USAID’s pledge provided \$500,000 for initial institution strengthening and start-up costs. FMCN was incorporated in March 1994 as a non-profit civil association with the mission of providing medium- and long-term financial support to initiatives for conservation and sustainable natural resource use by Mexican individuals and institutions (FMCN Strategic Plan 1998). Institution building and start-up efforts were supported financially by USAID and others, and technically by the PRONATURA, a leading Mexican conservation organization, the WWF, and The Nature Conservancy.

In July 1997, a new component, the Fund for Natural Protected Areas (FANP), was established with a separate \$16.5 million endowment to channel GEF support to basic conservation activities in 10 protected areas. With \$1.2-\$1.4 million a year total, the fund supports recurrent and other costs associated with managing the 10 protected areas and a central coordinating unit of the National Institute of Ecology

(Rosenzweig 1998). The GEF's recent evaluation clearly views FMCN/FANP as an innovative institution and positive example of an endowed grant-making body (Smith et al 1998a).

Its current thematic funding areas are (1) conserving endangered species; (2) conserving threatened and biologically representative ecosystems; (3) identifying and ranking conservation priorities at the national and ecoregional level; (4) encouraging sustainable use activities with economic opportunities available (agroforestry, ecotourism, etc.); (5) promoting activities identified as priorities in the National Biodiversity Strategy; (6) promoting restoration and erosion control activities in highly degraded areas; and (7) supporting migratory species conservation. Funding categories have been revised each year since 1996.

The foundation's geographic funding areas are (1) priority terrestrial and marine areas identified in workshops with the National Commission on Use and Knowledge of Biodiversity (CONABIO), the WWF, USAID, and others; (2) watershed areas; (3) national protected areas; and (4) biological corridor areas.

To maintain ties with national conservation plans and priorities, FMCN has on its board the head of the country's environment secretariat. This relationship has the effect of facilitating information sharing, avoiding duplication, and supporting complementarity. Nevertheless, the foundation establishes its own independent funding priorities.

Current status and issues. In the first year, more proposals were received from academic institutions than from NGOs and community groups. This was not the "mix" the foundation wanted. The following year, it distributed requests for proposals to more field-oriented projects and emphasized that in its grant program.

In preparation for a December 1997 gathering of fund leaders from Latin America and the Caribbean, FMCN and other funds participated in a survey of National Environmental Funds. The survey found that many funds share several capacity building priorities. These include a need for planning assistance, board strengthening, fund-raising strategy development, mobilization of financial resources, development of capacity building with grantee organizations, and development of indicators to measure impacts. FMCN is active in supporting a regional working group established to address these needs (UNDP 1997).

Funding. The foundation's original goal was to leverage a total of US\$50 million to capitalize the fund, within five years, which would allow the grants program to distribute \$2.5 million annually to conservation projects (Horkan and Jordan 1996). As of December 1997, the foundation's capital was nearing \$46.5 million, including \$19.5 million from USAID, \$7 million (in pesos) from the Mexican government (with an addition \$3 million committed), and \$16.5 million from the GEF for use in 10 protected areas. The foundation's new goal, exceeding USAID expectations, is to raise \$80 million by year 2003 to generate interest income of US\$5 million a year for project use (FMCN 1998). Most of its current resources are in U.S. dollars; USAID contributions are invested in U.S. markets through the J.P. Morgan and Merrill Lynch companies. The local currency component is managed in pesos by local financial agents. The GEF/World Bank fund investment is managed in the U.S. by the financial company Smith Barney.

Management bodies. FMCN functions under a general assembly, which constitutes a broad representation of society that oversees its 20-member Board of Directors. The board, whose members come from academia, NGOs, grassroots groups, business, and the federal government, maintains the responsibility for approving the foundation's strategic plan, annual operating budget and plan, and portfolio of projects. The board works through four technical committees that oversee administration and finance, proposal evaluation, international advice, and natural protected areas. All board members volunteer their time. A USAID program officer in the Agency's Mexico City office retains oversight of the foundation's endowment for 10 years as a non-voting member of the board.

Personnel. FMCN has a staff of 14, including an executive director and four subdirectors for technical evaluation, administration, information and communications, and protected natural areas. The staff includes two biologists specializing in environmental science and ecology.

Size of grants distributed. Since the first call for projects in April 1996, the foundation has provided grants to 178 projects for a total of \$3.5 million. Most grants are for a period of approximately three years. The grants fall into three categories, determined by the size of the grant: “main” projects are \$26,660 and above, medium projects are between \$7,770 and \$26,660, and small projects are below \$7,770. FMCN requires a 25 percent matching contribution from medium- and main-size grantees. Three examples of grants awarded are as follows.

Box 3. Examples of Grants Awarded by FMCN

In 1996, a “main” (i.e., larger than \$26,659) grant was awarded to the Balam Consultores and the Ejido de San Nicolas Totolapan (a community farm) in the Federal District to help the community build its capacity to support conservation by using natural resources sustainably. The project aimed at establishing an ecotourism business that would provide alternative income-generation mechanisms and experience to community members in serving as nature guides and project administrators.

In 1996, a medium grant went to the Ecology Institute of the National Autonomous University of Mexico to establish environmental education and related activities for children in the Ajusco Ecological Park in Mexico City.

In 1997, the NGO Natural Areas and Sustainable Development received a “main-sized” grant to consolidate and extend the area covered by a project emphasizing the sustainable use of butterflies in the Lacandon tropical rainforest in Chiapas. The grant aimed at involving new communities and local participants in the conservation effort.

Program impacts. FMCN is one of a few endowed foundations that are beginning to examine ways to measure their conservation impacts. Each grantee develops its own indicators to measure progress, and the grant-making program is initiating its own strategic framework to identify and measure progress toward its objectives. The two still have to be integrated, however, so that biodiversity impacts on the ground will provide the foundation with a broad picture of its impacts. The GEF FANP program this year identified a set of five key indicators for the program, which will depend on each of the 10 protected areas within the program providing data from its own measurements. These five include rate of change of natural habitat cover within the protected area; change in number of sites where keystone species are present (this indicator under discussion); change in number of people living in the boundaries (under discussion); change in distribution of human population centers within the boundaries; and change in number of families participating in sustainable use projects within the boundaries or buffer zones (Smith 1998b).

So far, the foundation has experienced several successes. FMCN has made an impact in institution strengthening for the conservation sector (100 Mexican organizations), and it has organized at least four fund-raising/financial resource management training workshops. It also has facilitated networking by publishing a Mexican Conservation Directory in 1997. FMCN helped host the most recent Regional Consultation conference for Latin America’s national environmental fund, and is active in follow-up involving collaborative approaches to institution strengthening among the region’s environmental foundations.

The 1996 project to design an ecotourism business in San Nicolás Totolapan resulted in creation of a team of 12 local nature guides; capacity-building programs in administration, accounting, strategic planning, and

project design; identification of conservation areas through biological assessments; and infrastructure development, including trail signals and public services (such as information and first aid). The Ecology Institute's educational project resulted in new programs for approximately 6,000 school children who visited the city park, as well as other benefits. The following year the project resulted in the consolidation of 326 hectares of protected forests in Chiapas; the extension of the project into two new community areas; increased income from butterfly activities; and extensive local participation, including that of women and children.

In addition, the foundation has received praise for using a process of national consultation to create its design and structure. The consultation process continues through evaluation forms and questionnaires that grantees and advisors fill out. The foundation also is notable for the strength of the involvement of nonenvironmental sectors in Mexican society (e.g., business, academia, and other representatives) on the board.

Plans. A new focus of FMCN will be a fire prevention program to reduce the potential for forest fires in Mexico's protected areas and wildlands. USAID plans to provide an additional \$5.75 million over five years, which will be matched with funds FMCN leverages from other donors. To date, the Agency has contributed \$900,000 toward this effort. This agreement will establish, within FMCN, a new Wildfire Prevention and Restoration Fund. The extra funds would not be part of the "endowment" but a "sinking fund" that FMCN distributes through its normal channels, although it would not be "mixed" with other foundation resources.

These funds complement additional U.S. support for fire management. Earlier this year, USAID/Mexico and the USAID Global Environment Center supported the U.S. Forest Service in providing fire management training to NGOs, community groups, and local officials in the Yucatan and southern Mexico, and in soil stabilization and ecosystem restoration in northern Mexico.

FMCN also plans to continue internal institution-strengthening efforts, including training and capacity building for its personnel, focusing the expertise and increasing the participation of members of the Board of Directors to improve support of FMCN objectives, and strengthening the foundation's national and international image.

Case Study 3: *Foundation for the Philippine Environment (FPE), Philippines*

Historical background. Between 1990 and 1992, USAID/Manila worked with local environmental NGOs; the WWF; and the Philippine Development Forum, a consortium of NGOs, to establish the FPE. The endowment was valued at \$22 million, from two debt-for-nature swaps handled by the WWF. Under its "debt-for-development" policy, USAID supplied \$18 million of this amount. An additional swap from the Bank of Tokyo added \$0.12 million. The endowment exists in perpetuity, with no additional fund-raising requirement. Until 1997, it was invested in Philippine Treasury bills; now it is in a mixed portfolio with about 20 percent equity and 80 percent fixed income. The endowment is estimated to have been reduced by approximately 30 percent during the recent economic downturn; it is not clear what strategy FPE is taking to redress this issue.

In 1993, the swaps were concluded and extensive consultations were launched to consult with NGOs around the country on ways to design and establish the foundation's three regional advisory committees, which continue today to provide input and outreach channels for FPE. The regional committees also identify potential board candidates.

The NGO Philippine Business for Social Progress managed the foundation's initial activities until staff was hired, while the WWF handled initial financial management. The first set of grants was distributed by the Board of Trustees in 1992, including support for Philippine NGOs to attend the Earth Summit in Rio de Janeiro. In 1994, the first five-year strategic plan was adopted. It declares FPE's mission to be that of an independent, non-profit grant-making institution in support of biodiversity conservation activities implemented largely by Filipino NGOs. The foundation also has a role as catalyst and facilitator of communications and networking for improved capacity in the NGO community and with community groups.

Management bodies. The Board of Trustees approves all grants, except "action grants." The 11-member board has a very active role in the foundation. Members must be nominated to the selection list by the regional advisory committees to be considered for membership. They come from a variety of organizations (two from each of the three geographic regions, one from an international NGO, and three at-large; one seat is reserved for a senior official from either the Department of Finance or the Central Bank, two are reserved for business and media representatives). They are asked, however, to serve as individuals that bring their organizational and other experience to a new endeavor, that of running FPE. (The GEF evaluation team notes that this approach is important; board members of environmental foundations serve their purpose better when chosen for their individual skills and experience than as representatives of one component [e.g., business, academia, etc.] of society [Smith et al. 1998a]).

There are two seats for each of the three regions, one for a government representative (usually from the Department of Finance or Central Bank), another for an international representative, and three at-large. Private sector and media interests are also represented. The board and its three committees (Executive, Project Development, and Investment) meet quarterly or more frequently and work closely with staff.

Personnel. FPE has a staff of 23, headed by the executive director and directors for program development and institutional development. The Foundation's major management decisions are made by a management committee composed of the directors and the finance manager and the human resources and administration manager.

Size of grants distributed. Action Grants of \$5,000 and below are provided for small projects and urgent needs; Community-Based Grants (size not available) are designated for community-based projects in 33 priority sites around the country; Responsive Grants are given for community-based projects outside the priority sites; and Proactive Grants are used for support service projects initiated (usually) by FPE.

Grants often focus on activities including community dialogue and organizing, participatory resource management planning, liaison with local and other government officials, technical and capital inputs, project implementation, and monitoring and evaluation. Until recently, many focused on terrestrial conservation; today, due to a growing awareness of the importance of these areas, coastal and marine efforts are being supported as well.

Between 1992 and the end of 1996, FPE funded 376 separate proposals for a total of \$7.2 million in grant funds. Proposal quality and therefore the percentage accepted during an award period have improved; this reflects to some extent the increased assistance in proposal development that FPE has provided to its applicants.

Program impacts. FPE has leveraged its financial power and extended its reach by entering into co-financing and/or partnership agreements with institutions, including the John D. and Catherine T. MacArthur Foundation; the Philippine Development Assistance Programme; the Philippine Agrarian Reform Foundation for Rural Development (PARFUND); the Foundation for Sustainable Society, Inc.;

and the NGOs for Integrated Protected Areas. These agreements will heighten the potential impact and deepen the available pool of funds and expertise for important activities around the country. For example, the MacArthur agreement, initiated in 1994, supports a five-year co-financed program (MacArthur and FPE each contribute \$400,000) in community forestry at various abandoned or canceled logging concessions. With the PARFUND, FPE is helping indigenous communities, many of whom have traditional territories overlaying key biodiversity conservation sites, develop management plans with support for delineation and official recognition of those territories (FPE 1997).

Individual grant monitoring takes place through required grantee reporting and periodically by program officers, the regional advisory committees, and the (national) experts advisory panel to the FPE's board and managers. In each potential new geographic area, the foundation conducts an appraisal to assess the social, biological, and other conditions of the area and whether it is an appropriate site for new activities. Data from these appraisals are used to establish a long-term plan for project priorities in the area, and grantees select indicators from the initial assessment list to use in monitoring their program. It is too early to assess the impacts in newer projects. Many projects are still in preparatory phases and are focused on capacity building, planning, and other start-up activities and have not moved into implementation yet.

Many other activities and results are evident, however (see Box 4).

Box 4. Examples of Activities and Results of FPE Grants Program

FPE's action grants program has provided more than \$700,000 for 220 activities in training, conferences, workshops, advocacy, etc. An example of the products is an award-winning book on "The Politics of Logging."

The foundation provided leadership in conceptualizing and developing more than 48 projects aimed at strengthening national, regional, and community-based conservation projects.

With funding from the World Resources Institute and in collaboration with the Philippine Department of Environment and Natural Resources, the foundation helped develop a manual on bioprospecting and helped formulate a national policy regulating the scientific and commercial use of genetic resources. Local communities must now provide their consent before collection of samples is allowed.

Drawing on its long history and successful track record, FPE has advised newer endowments and foundations, including KEHATI in Indonesia.

FPE has managed a difficult balance between a strong, reputable central management system and continuous input from credible regional and local institutions. It has accomplished this by ensuring that the board has wide representation of the country's far-flung regions and sectors interested in environment, nominated by regional advisory groups, and that the regional groups themselves are a formal component of the whole organization. In a country such as the Philippines, which is comprised of 7,000 islands where more than 300 languages are spoken, this balance is critical to maintaining the foundation's credibility throughout its program areas.

Plans. FPE plans to follow up on its role as host of the first Asia-Pacific Forum on National Environment Funds (NEFs) and help develop a global network of NEFs. It plans to generate more resources for its endowment to ensure availability of funds for NGOs, community-based projects, and other activities in biodiversity conservation. It also plans to establish a consultative group drawing on expertise beyond its

11-member board (who are mostly from NGOs) for more strategic management in the coming years; this would include representatives from business, government, and donor agencies.

Case Study 4: *Fundación VIDA*, Honduras

Historical background. The Honduran Foundation for Environment and Development (Fundación VIDA) was established in 1992 with support from the United Nations Development Programme (UNDP). Fundación VIDA's organizational mandate was to channel and provide financial and technical support and institution-strengthening support to the environment sector in Honduras. In 1993, USAID/Honduras entered into a cooperative agreement with the government to provide a grant of \$10 million in spend-down funds (matched by \$2.32 million in local currency from the Honduran government). The USAID Honduran Environmental Protection Fund Project is due to be completed by 2003. The purpose of the fund is to strengthen and expand environment activities implemented by NGOs in Honduras. The Fundación VIDA also manages the Honduran Environmental Protection Fund (FOPMA), established by national decree in 1992 and capitalized with 30 million lempiras (at the time, approximately \$5 million) through a debt-swap arrangement with the U.S. Current annual income of the foundation averages \$1 million (Mérida 1997). Of the total endowment, 9 percent is invested locally, and 91 percent is invested internationally to maintain the value of the funds.

Fundación VIDA is guided by a strategic plan put in place in 1994 and revised annually. The plan emphasizes two goals: (1) stimulating new environmental initiatives in the NGO, municipal government, and other sectors and (2) securing Fundación VIDA's sustainable existence over the medium and long term.

To fulfill these goals, Fundación VIDA undertakes three kinds of activities: (1) promotion and funding of environmental projects, (2) organization of annual training courses or technical assistance to grantee groups, and (3) facilitating consensus-building discussions regarding sustainable development priorities within and related to Honduras. Activities supported by Fundación VIDA must be feasible in environmental, economic, social, and cultural terms.

Fundación VIDA is not connected with government or political parties, but shares information with related agencies, such as the national-level Finance and Natural Resources and Environment Secretariats. Although it is not required to select priorities as they relate to national strategies, Fundación VIDA does strongly consider the national environmental strategy and Environmental Action Plan in its choices.

Current status and issues. The primary challenge Fundación VIDA managers feel they face is balancing the need to channel enough resources to NGOs and community-oriented organizations to protect natural resources with the painstaking process of institutional development required by those organizations to use the resources effectively. The goal is to find special ways to assist them and ensure that both objectives are accomplished within a timely manner. Fundación VIDA provides extensive support to its grantee organizations to ensure they use the funds with success, at least on an institutional level. Similar in some ways to a bank tracking loans it has made, Fundación VIDA oversees grant use, evaluates outcomes of grants, and provides institutional and technical assistance to grantees. Its grant policy ensures that funds are being well "invested" both in terms of technical and administrative criteria; that it will provide administrative "technology transfer" to implementing organizations through a "learning-by-doing" approach; and that the institution strengthening services Fundación VIDA provides assist both the Agency's Board of Directors and its technical-administrative units.

Grant policies also require that Fundación VIDA:

- orient resources toward environment and sustainable development projects, focusing especially on proposals that demonstrate environmental, social, economic, and cultural feasibility
- consider past experience and capacity as a factor in determining applicant organizations' eligibility and defining amounts of funding
- apply management and "investment" terms and proscriptions as previously agreed upon with donor agencies
- from 1998 on, finance proposal preparation (pre-investment activity) time up to 25 percent of the proposed total grant amount
- finance only projects that provide in matching funds at least 25 percent of the fund's investment amount (Quiñónez 1998)

Grants proposed in the following technical areas are a high priority for Fundación VIDA: environmental education and ethnic and cultural heritage; ecosystem conservation and protection of biodiversity; sustainable watershed management; and pollution management. Fundación VIDA monitors and evaluates the impacts of its sub-projects and revises its results framework accordingly.

In following its mandate to help integrate environmental issues into society's views of sustainable development, Fundación VIDA is represented in certain relevant arenas, including the National Council on Protected Areas, the Consultative Council for a Forest Agenda, the Directive Council of the National Forestry Sciences School (ESNACIFOR), and the National Commission on Climate Change. In the international arena, Fundación VIDA is a member of the World Conservation Union (IUCN); heads the Central American Federation of Environmental Funds (FECAFA), a body that was recently established; and is listed in the Directory of the Central American Fund for Sustainable Development (FOCADES).

Late last year, Fundación VIDA revised its statutes and regulations, which were approved by Honduras's National Assembly. The greatest change in the foundation's capacity is that it can now implement its own projects as well as fund other NGOs to do theirs. It is restricted to projects that only Fundación VIDA might implement to avoid "competition" within the range of implementing agencies.

Funding. Of the \$10 million contributed by USAID, half is managed by Fundación VIDA to make sub-grants to Honduran NGOs; \$125,000 is reserved for audits; and the remainder is managed by USAID to provide training, technical assistance, and other services. Sub-grants are funneled to "co-ventures" between local and U.S.-based NGOs for environmental projects throughout Honduras. USAID funds for the Fundación VIDA's endowment include \$10 million in local currency from reduced food aid debt. USAID support has also been provided in the form of institution building, including a modern administrative and technical structure with normative accounting and administrative procedures. The USAID portion of the endowment is a "draw-down" fund, which is not intended to last in perpetuity. Fundación VIDA is required to continue to seek funds for new activities. For example, additional funds have come from the Honduran government; the Organization for Tropical Studies; the UNDP; the Agricultural Cooperative Development International; members of the board; and Honduran national institutions, such as the Financiera de las Cooperativas Agrícolas.

Management bodies. The General Assembly is the highest authority and chooses the Board of Directors. Board members, all Honduran, contribute to Fundación VIDA through their strong commitment to building the institution and supporting environmental protection for Honduras. The board consists of a

president and vice-president, a secretary for minutes and correspondence, a finance secretary, a treasurer, and four other officers and their alternates. A Project Selection Committee, composed of members of the board, the executive director, and the technical and financial directors, chooses which projects to fund. Donor agencies and government do not have a vote on this committee.

Personnel. Fundación VIDA has an executive director, who is supported by a technical director; a financial/administrative director; a director of communications; an operations advisor; a financial resources manager; and an interdisciplinary team of technical, financial, and administrative staff. Altogether 17 people are on staff, with special needs being filled through periodic external contracts. The \$2.32 million from the government supports Fundación VIDA's operating expenses.

Grants distributed. From the time the first projects were approved in late 1993 until August 1998, Fundación VIDA had approved grants for 287 organizations in the amount of approximately \$5.88 million (Quiñónez 1998). It is not clear what amount in the draw-down fund remains.

Proposals are channeled through one of three programs: (1) the Environmental Development program, with grants from \$50,000 and up; (2) the Small Projects program, with grants from \$1,000 to \$50,000; and (3) the Environmental Action program, with grants less than \$1,000.

Box 5. Examples and Breakdown of Fundación VIDA Grants Program

Fundación VIDA's Environmental Development program has given out a total of \$5.4 million in 13 grants to national environmental organizations, some allied with U.S. NGOs with experience in the area. They average \$416,000 each; nevertheless, there is a range of grant sizes even within this category. For example, the largest grant to date in this category was \$603,000, given to the Green Heritage project and the smallest was \$63,000 for the United Nations Park project. Two projects in this category have been completed, and four have been granted extended completion dates.

An example of a grant in this category is the Integrated Micro-Watershed Management Project in the southern portion of the department of Lempira, being implemented through the partnership of a Honduran NGO, COCEPRADIL (the Central Committee for Water and Integrated Development in Lempira), with the U.S.-based Catholic Relief Services (CRS). COCEPRADIL was created by 80 member communities to ensure the long-term availability of potable water sources. The project will help improve integrated watershed management in eight municipalities of the department. CRS provides long-term technical and institutional support to the organization. The \$558,000 grant from Fundación VIDA complements \$3,116,000 from USAID/Honduras and \$3,518,000 in cash, kind, and labor from the NGO.

The Small Projects program has provided five grants for short-term (two-year) grants of up to \$50,250. It has distributed a total of \$246,000. Three have been completed. An example of a project in this category is the project to establish fuelwood plantations and construct improved woodstoves, being implemented by the Panamerican Agricultural School, Zamorano. The project will work with local communities to reforest degraded areas, conduct environmental education, disseminate information about appropriate technologies, and establish woodfuel supplies or "banks" in certain communities. To Fundación VIDA's contribution of \$50,250, Zamorano will add \$32,750.

The Environmental Action program projects have supported a "positive impact" on the promotion and strengthening of 270 environmental organizations with community-based activities under way, for a total of \$238,100. They range widely in focus, supporting activities that include construction in park areas, promotion of cultural and environmental education in primary and secondary schools, and other initiatives. An example of grants provided in this category is one for the Young People's Festival of Environmental Song, an awareness-raising project in the department of Yoro. For a grant from Fundación VIDA in the amount of \$1,000, this project gave Honduran

children an opportunity to help protect the environment and strengthen artistic and cultural values. The project also helps build the capacity of the local organization sponsoring the event.

Program impacts. Technical areas funded so far have included conservation of natural resources and stabilization of agricultural production systems, maintenance of biodiversity and water resource systems through promoting alternatives to slash and burn, protection of natural resources by community participation, protection of water micro-systems, development of ecotourism, and involvement of youth and adults in community-based conservation efforts.

Fundación VIDA has measured the extent of land its programs are affecting. This includes indirect and direct intervention in 336,432 hectares of protected and some non-protected areas, including 157,268 hectares in park buffer zones and 104,572 hectares in park core zones. Fundación VIDA estimates that its grant-making program has also positively affected more than 1.5 million Honduran residents. In addition, with its experience in grant-making since 1993, Fundación VIDA managers feel that the institution itself has become a unique resource and institution for Honduras and Central America (Quiñónez 1998).

Plans. A serious challenge facing Fundación VIDA is developing long-term financial sustainability. The foundation is implementing a “marketing” strategy to guarantee its ability to provide support to the environmental community in Honduras for years to come. This is now a primary goal of Fundación VIDA’s administrative staff and board. Fundación VIDA is also focused on its policy of providing “service to the client,” attempting to ensure that its support to the environmental community is of high quality. For example, a new program, funded through the Honduras-Canada Environment Fund, will provide much-needed institution-strengthening services to environmental NGOs in Honduras. Lastly, Fundación VIDA continues its successful program of helping build long-term partnerships between U.S.-based environmental institutions (e.g., The Nature Conservancy, the WWF, and the Wildlife Conservation Society) and Honduran environmental NGOs.

IV. Lessons Learned

USAID and the environmental endowments it has helped establish over the last decade have gained experience that may be useful for future such institutions and those who would endow them. The lessons learned detailed below are based on a literature search on the Agency's endowments record; the communication with the four foundations used as case studies; discussions with Agency staff with experience in establishing or advising endowed foundations; and assessments of endowments implemented by third parties.

1. Asset management: Endowment capital that is invested largely in stable economies and, where possible, maintained in a U.S. or other stable currency may continue to provide a more consistent source of funding than local currency investments for the immediate future. Devaluation of currency has occurred in a number of countries with USAID-supported local currency funds in place, including Honduras and the Philippines. Asset management is currently a troublesome issue for some of these funds (Bullen 1998). If a local currency fund gets devalued, such as has been a problem for the Foundation for the Philippine Environment, the government has pledged to USAID to "guarantee" its value, so as to cover the difference by adding more to the fund. This difficulty with the debt-swap mechanism for local currency funded-foundations may make stable currency and stable invested portfolios more reliable sources of funding. This will continue to be an issue for new debt being made available through the 1998 Tropical Forest Conservation Law.

Others endowments reviewed in this report were created mostly with dollars. For example, KEHATI's funds are entirely in U.S. dollars and are therefore seen as more secure, at least for the near future.

2. Optimizing the investment: Further efforts in donor collaboration may be necessary for leveraging further support. Foundations have not done as well as expected in gaining additional support for their endowments. Part of the answer may be in ongoing donor-to-donor collaboration related to foundations; this has occurred, but rarely. Although donors are often reluctant to provide endowments because they lose control of the funds, they can and do collaborate in other ways. For example, a large one-time grant to a foundation can cover operating costs for enough time to allow an endowment, re-investing on itself, to begin to generate sufficient funds after a few years to cover these *and* grant-making expenses. USAID provided such a grant to an institution in Uganda called the Mgahinga-Bwindi Trust, which was endowed by GEF. Another option is for donors to co-fund shorter-term projects being channeled through the environmental foundation. While these are not measures that could be called collaboration on *endowments*, they lend support to the goals of the endowment by freeing resources that would otherwise draw on the original capital.

Today, donors can also begin to study existing endowments more closely and learn more from USAID, GEF, and other donors that have a body of experience with endowments. Slowly, donors new to the process can begin testing the mechanism through their own programs by co-funding new endowments with donor institutions that have this experience. Many implementers of endowment projects note that achieving such collaboration, based on complementary channels and modes of support, can help different donor agencies achieve mutual goals, through more effective use of inputs. Such collaborations should most likely be initiated in the design stage of a new project. In the Philippines, an attempt to bring the Swiss government into the already established FPE failed because the Swiss government supported an agenda that would facilitate social development in addition to environment issues and, as FPE already had environment as its mandate, it was too late to build a collaboration that would satisfy the U.S., Swiss, and Philippine approaches.

3. Foundations themselves must be strong and vibrant organizations, which take years to evolve. Donors need to be able to provide appropriate operational funding and technical assistance during this period. Some endowed foundations are housed within existing institutions and some create new structures entirely. A number of USAID-funded environmental endowments have taken the latter approach and nurtured not only a relatively unknown financing arrangement in a developing country, but also a new, high-profile institution. This strategy worked well with KEHATI and FMCN, helping create institutions with a high caliber of leadership and which are widely perceived to be serving a positive role for a range of societal sectors. These endowments are managed by foundation-like organizations with boards composed of representatives with profound, broad experience. This may be more difficult to achieve with pre-existing organizations, although the data in this regard is inconclusive.

USAID maintains close oversight of new endowments for a period of 5–10 years; other donor agencies have also found this period of time to be adequate (Smith et al. 1998a). Even after that period, USAID often stays involved in advising and monitoring the foundation. In addition, the participatory nature of design and decision-making in many of these foundations and the highly respectable leaders that have, in many cases, been tapped to guide the new institutions, instills a locally accountable system of responsibility to the conservation sector. This process seems in many cases to have created a general satisfaction with these foundations' management, handling of assets, distribution of grants, roles in society, and overall potential to contribute to conservation.

Following the initial start-up period, a problem many foundations face is a loss of momentum after changes in the board or staff. Charismatic leaders head many new funds, and when they leave, new people have to be found to continue and adapt. This may be the case with KEHATI and Fundación VIDA, both of which have had changes in executive directors within the last one to two years. The personality of an executive director can make a significant difference in what the foundation accomplishes and how well its activities are received outside the institution (Norris 1999; see also Asselin, Linares, and Norris 1996b).

Another issue several reviews have addressed is that of board roles and composition vis-à-vis staff responsibilities. While this report does not delve into the details to the extent that others do (see references by Starke and Bayon), it is worthwhile noting that for a strong and productive institution, the duties and roles of each must balance each other, and must be clear and distinct from each other.

Some of the more established foundations are now beginning to work together to identify the steps required by each for moving toward increased organizational strength. For example, a workshop held in Mexico in 1997 brought together representatives of 20 environmental foundations to explore the range of capacity-building needs participants had. Needs varied according to size, scope, and other aspects of the foundation in question. Nevertheless, many similarities existed; increased capacity in the following areas was identified as a priority for many participating institutions:

- facilitating participatory processes, especially planning, stakeholder discussions, and feedback sessions
- networking and exchange with other environmental foundations
- strategic planning, board strengthening, and human resources development
- fundraising and asset management
- managing a grant program, and monitoring and evaluation (UNDP/GEF 1997)

These priorities are indicative of the kinds of institutional needs foundation managers identify themselves.

4. Foundations and the donors that fund them need to have evidence of their impacts through systematic monitoring activities. Monitoring is an important issue to endowed developing-country foundations and bilateral and multilateral donors, as several of the institutions profiled in this report have shown by their gradual move toward establishing strategic plans and indicators. Such foundations need information to track their own progress toward goals because the donors that fund them often need data to show that their support is being well used. In addition, grantee organizations need to be able to ensure that their activities are improving biodiversity conditions on the ground. Thus, development of indicators and strategic planning are necessary on various levels. USAID and other donors should consider integrating general guidelines for the development of monitoring systems into funding and endowment agreements and should provide assistance early on to help the foundation implement baseline studies that address the data needs indicated in an institution's first strategic plan. Specific monitoring programs should be tailored to the goals and capacity of the foundation in question.

Monitoring, however, is often a difficult, expensive, and time-consuming process. Implementing the Government Performance and Results Act, USAID has struggled over the past three years to establish monitoring systems that measure its development impacts in an accurate, cost-effective, and timely manner. For foundations monitoring their own program-level impacts, monitoring efforts help identify results and changes needed in programming. Some foundations track the number of grant proposals accepted each funding cycle, relative to the number of proposals submitted. For them, an increased acceptance-to-submission ratio may indicate, for example, that a program they established to increase grantee capacity to submit quality proposals is working well. At the project level, monitoring of results seems to be more easily linked with project activities and inputs, particularly for biological impacts. This is due to the fact that ecological conditions vary from site to site, and to be reflective of local conditions, indicators need to be determined at site level. Community groups and NGOs working to implement foundation-funded projects can collect data, as the project is being implemented, helping both program managers and project staff determine their projects' impacts. For example, a project aimed at helping communities establish sustainable forest-use agreements might identify "number of agreements approved by local communities" as an indicator for monitoring the changes it helps to make. A project that trains NGO workers or community leaders as resource managers could build in specific biological indicators, such as "number of rubber trees in a transect," as a determinant of environmental impacts. Project staff can track this information easily and can sometimes also provide it to the foundation for *its* monitoring purposes.

It would be clearly useful for USAID to systematically implement its own "monitoring program," that is, a "full field-based evaluation ... to assess impact and sustainability, as well as to determine the institutional characteristics of 'successful' endowed organizations," in the near future (Horkan and Jordan 1996). It would also be useful for USAID to begin instituting a requirement in new and ongoing endowment agreements to spend some of the funds to monitor the biological impact of their programs.

5. Foundations need to build and maintain organizational independence and local ownership through transparent procedures, broad participation, and legal protection. Organizational independence and local ownership, including funding support, are issues that both cause and are effects of good foundation programs. Outside intervention in decision-making can negatively influence the independence of grant-making and other choices foundations make. Government pressure or varying donor priorities can weaken the credibility a foundation maintains with its client base — the environmental community in its host country. There are only four USAID-supported endowments in Africa, for example, in part because of a lack of legal protections and infrastructure that would shield local currency assets and help prevent governments from seizing them (Horkan and Jordan 1996).

Indeed, independence from undue government influence, erratic policy priorities, and the shifting interests of donors are critical elements of success in foundations. FMCN notes that if governmental policy changes are relevant and consistent with its mission, it supports them; if not, it tries to avoid the change and in turn to influence the government with proof of preferable actions and strategies. If government policy and priorities shift and no protection exists, preferably within the endowment agreement with the donor and within the country's own legal system, the foundation's program can be negatively affected (Norris 1999; see also Asselin, Linares, and Norris 1996a). But, for donor organizations, there is a danger, according to USAID officers with field experience, that the foundations that they have spent years helping become strong, and perhaps millions of dollars supporting, will be utilized at some point for their convenient, reliable structure to implement activities that should be managed separately.

Independence and local credibility are also linked, to some degree, with local financial success and "ownership" of a foundation's programs. Because of lack of local funding support, some funds have, at times, relied entirely on their endowments and failed to look for more funds; some want to avoid competing with local NGOs for local funds. Some have had success, however, in avoiding competition for local funds while also stimulating and helping open up new local sources of financing for environmental programs.

The Synergos Institute, a private, non-profit organization known for its work helping establish community development foundations in developing countries, conducted an analysis that found that organizations created to serve as foundations had the greatest impact on spurring local giving when locally initiated (Overholt, in Horkan and Jordan 1996). It is clear from the case studies presented above that local ownership and control is important to local sustainability and satisfaction with the institution's direction and processes. Those foundations designed in a participatory process, maintaining open, transparent procedures, and incorporating ongoing participation from the local conservation, development, business, and government communities receive a fairly high level of approval within their country and are seen as providing adequate accountability to their conservation "partners." "Encouraging broad participation by concerned stakeholders in the design and establishment of the endowment helps bring together various interests and strengthens local support for the organization," as one USAID officer puts it (Bisson 1998). Not only will clear procedures and participatory approaches help the institution build local trust and cooperation, but it will also reassure potential and existing donors of its capacity and merit to manage large amounts of financial support for the country's benefit.

While organizational independence and local ownership are important, some donors may also see them as a risk for a number of reasons. For example, without a strong link to national environmental action plans or national conservation strategies, these organizations can lose their focus and direction, or else they have to establish their own priority-setting process, which can be time-consuming and costly.

Another reason for viewing the independence of endowments as a potential risk for USAID is that the Agency has less control over impacts and direction of the program. If Agency planners, however, perceive local users and protectors of biodiversity and other natural resources as the "ultimate customer" of USAID programs, they may consider the foundation approach to be one of the better uses of financial resources, for three reasons: (1) because USAID-supported foundations must have in place strong institutional controls on the use and management of their endowments and other funds, and are therefore expected to require less USAID monitoring and oversight after the start-up phase than other activities; (2) because foundations can provide technical assistance to grantee organizations while ensuring that grant sizes are appropriate; and (3) because foundations are typically led by well-respected and gifted host-country individuals who are accountable due to their visibility in the environmental community. In fact, foundations managed by host-country nationals (although board representation often includes a small number of foreigners) are at a distinct advantage in some cases. In a survey published in 1992 by the

Synergos Institute and the South-North Development Initiative, both of which track foundations in developing countries, African foundations indicated that local support for philanthropy was substantial — some 60 percent of them raised some of their endowment funds from private citizens of the country (cited in Horkan and Jordan 1996).

6. Foundations need to balance grant-making with “environmental community-building” and dialogue. Foundations play a role in host countries beyond that of environmental grant-maker. They have become instrumental in initiating dialogue around environmental issues and in building the community (capable institutions, legal frameworks, policy agreements, etc.) that are needed to implement environmental actions.

For example, technical assistance in managing money, writing proposals, and monitoring is necessary for most grantees, either through the foundation or through another funded program. KEHATI provides this support through its normal project identification process: the foundation solicits proposals in one of its target areas in a general meeting to discuss biodiversity issues; returns to the area to work with participants (usually local NGOs) to develop strategies and identify specific project ideas; asks the organizations to prepare proposals; and then reviews and selects among these for grant awards. KEHATI then prepares a grant agreement to be signed, disburses the funds, and helps the grantee launch its project and develop a monitoring and evaluation plan. Even this “hand-holding” approach, however, designed to help grantee organizations focus on and choose priority activities themselves, has not been enough at times, as the grantee organizations are frequently very new. KEHATI has had to implement changes in its program to address the proposal-writing and conceptual deficiencies of its constituents, among other issues.

7. The use of endowment mechanisms for conservation should be continued and expanded along guidelines established by experienced endowment managers, funders, and technical assistance programs. This report is too brief to make broad judgments on the long-term outlook for the use of trust and endowment funding for conservation in the developing world. It does, however, include the conclusions of more detailed reviews on the subject. One writer notes that national environmental funds (NEFs), one group of environmental endowed foundations in the developing world, “actually create more than a source of financing. The process of creating NEFs can create trust between various sectors of society ... NEFs also prove that it is possible to address problems, thus creating confidence and a better ability to face environmental problems. This, in the end, is perhaps their greatest strength” (FPE 1997).

GEF’s evaluation concludes that, in general, conservation trust funds, “under certain circumstances ... have proven to be effective mechanisms for support to activities designed to achieve global environmental benefits” (Smith et al. 1998).

Another report says that “these financing mechanisms ... provide stable financing for many activities that by definition do not fit into classical development projects ... allow donors to move large sums of money with minimal overhead costs without at the same time swamping beneficiaries with money they cannot absorb ... instill a sense of ownership and responsibility for environmental conservation ... build local capacity for financial management ... and reduce the dependence on outside experts and international NGOs” (Starke 1995).

For USAID, these endowments may continue to provide a promising route for extending Agency support for environmental conservation, particularly in countries where programs are being phased out. Broad potential exists for further efforts under the Tropical Forest Conservation Act. However, there are many more lessons to be learned from host-country counterparts and even grantee institutions than can be included in a brief desk review, and these lessons are needed to guide future Agency endowment initiatives. Field-based studies, such as the recent GEF evaluation, can best provide these lessons.

V. Conclusion

The catalytic role endowments play in protecting the environment is evident, even though their biological impact has yet to be documented in many cases because of their newness. All the endowments featured in the case studies, for example, have had demonstrated success in raising awareness about environmental issues and building the organizational capacity of local people. They also have encouraged democratic discussion and collaborative methods; instilled a sense of local ownership of, and accountability for, conservation finance; and built strong institutional processes.

None of the endowments studied in this report, however, has been in existence longer than seven years; nor has any developed the ability to gather quantitative biological proof of its impacts. This is to be expected. In the first phase of their existence, most foundations emphasize the process of grant-making and capacity building rather than targeting biodiversity impacts. One foundation studied, for example, the Indonesia Biodiversity Foundation, has only been distributing grants for three years. Most of its grantees are small community-based groups with little exposure to the requirements of external funders, including monitoring programs, quarterly reports, etc. Few such groups could be expected to simultaneously learn new operating procedures and implement and measure a project on the ground. Even if it were to focus on impacts, three years would not be enough time to document long-term, sustainable changes in biodiversity conservation.

In a 1996 Center for Development Information and Evaluation (CDIE) study on endowments, Horkan and Jordan noted that “because of the newness of most endowments and the scarcity of evaluations, [this] study does not definitively assess the impact and sustainability of USAID-funded endowments.” They also note that despite this lack of quantitative biological proof of their impacts, all USAID-endowed organizations continue to exist as healthy institutions and seem to be making strong contributions to development. They found, for example, endowed foundations seemed to be helpful in increasing the capacity of local or indigenous organizations; served as civic institutions that helped broaden local involvement; and ensured stable, less politicized awareness and support for the environment. Horkan and Jordan recommended endowments begin to move toward improving biological conservation and other ecological impacts and documenting those impacts through enhanced monitoring.

While other USAID programs can carry out local grant-making services, only endowed foundations can fund grants over a long enough period of time to ensure consistent attention to environmental and other development problems. The research for this report points to endowments achieving results similar to or better — and ultimately more sustainable — than other USAID-supported small-medium grants programs in the conservation field. A major difference between endowed foundations and other USAID-supported grant programs is the extensive technical assistance, operational support, and capital required to establish or strengthen an organization specifically to house and administer an endowment. Once established, however, endowments require less external oversight than one-time projects. When USAID managers and other donors wonder whether to contribute their environment funds to an endowment or directly to a number of small grantee projects, they need to consider the advantage of establishing a permanent, locally owned institution to manage grant distribution and leverage interest in the environment — versus the disadvantage of long-term institutional development required and overhead costs needed by a foundation.

These new institutions play a catalytic role in conserving biodiversity and other environmental areas in the society of the host country. To fulfill many of their roles and requirements, the foundations must publicize their efforts, goals, and mandates. They must educate society — from the grassroots groups who will apply for their funds to the intermediary NGOs who know about forest issues but have not learned yet about biodiversity to the potential corporate donors who do not quite see how donations to the foundation can help them or their industry. This local effort results in policy changes, a broader understanding of

biodiversity and environmental issues by a wider range of societal groups, and an openness of discussion about the issues and how they affect the host country. In addition, it instills a sense of ownership and responsibility for environmental conservation and reduces dependence on outside experts or international organizations. This, in turn, creates local sustainable management and financing for the environment — a key component needed for its lasting successful development.

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VII. Acronyms

CBO	Community-Based Organization
CDIE	USAID Center for Development Information and Evaluation
EAI	Enterprise for the Americas Initiative
FMCN	Mexican Nature Conservation Fund
FPE	Foundation for the Philippine Environment
GEF	Global Environment Facility
IPG	Interagency Planning Group on Environmental Funds
KEHATI	Indonesia Biodiversity Foundation
PL-480	Public Law 480, which supports the USAID food assistance program
TFCA	Tropical Forest Conservation Act
UNDP	United Nations Development Programme
VIDA	Honduran Foundation for Environment and Development

Appendix 1. Inventory of USAID-Funded Endowments, as of December 1998¹⁰

ENDOWMENT NAME	COUNTRY	REGION	DATE ESTAB.	FUNDING TYPE	USAID FUNDING (in dollars)	SECTOR
Ghana Comty Ent. Devt & Invest Trust	Ghana	AFR	1992	local currency	\$3,000,000	enterprise devel- opment
Ghana Social Marketing	Ghana	AFR	1997	dollars	\$5,000,000	health, population
Madagascar Natl Environ Endow Fund	Madagascar	AFR	1996	local currency	\$6,000,000	environment
Family Life Associa- tion of Swaziland	Swaziland	AFR	1992	local currency	\$1,681,000	health, population
AFR TOTAL					\$15,681,000	No. of environment endowments: 1
Int'l Ctr for Diarrheal Disease Research	Bangladesh	ANE	1996	dollars	\$1,000,000	health
Indonesia Biodiversity Foundation	Indonesia	ANE	1995	dollars	\$16,500,000	environment
U.S.-Israel binational foundations	Israel	ANE	1980s	local currency	n.a.	industrial, agric. R&D, science, education
Korea Devt Institute; Korea Inst. For Science and Technology	Korea	ANE	n.a.	local currency	est. \$70,000,000 (KDI)	science and tech. (KIST)
Nepal National Social Welfare Association	Nepal	ANE	1993	local currency	\$600,000	education

¹⁰ Does not include planned endowments.

F'dation for the Philippine Environment	Philippines	ANE	1992	local currency (debt swap)	\$18,000,000	environment
U.S.-Thai Dev't Partnership	Thailand	ANE	1996	no information available	\$3,500,000	environment technology
ANE TOTAL					\$109,600,000	No. of environment endowments: 3
Luso-American Development Foundation	Portugal	ENI	1985	local currency (ESF)	\$118,000,000	economic, social and cultural devt
American University	Bulgaria	ENI	1996	no information available	\$15,000,000	education
ENI TOTAL					\$133,000,000	No. of environment endowments: 0
International Planned Parenthood Foundation	Regional	LAC	1998	no information available	\$4,000,000	health, population
PROFAMILIA	Colombia	LAC	1993	dollars	\$6,000,000	health
Arias Foundation	Costa Rica	LAC	1993	local currency	\$500,000	sustainable development
Cordillera Devt Fdn (FUNDECOR)	Costa Rica	LAC	1990	local currency	\$10,000,000	environment
Costa Rica/USA Foundation	Costa Rica	LAC	1996	local currency	\$12,000,000	sustainable development
Agric. College of the Humid Tropical Region (EARTH)	Costa Rica	LAC	1985	local currency	\$60,000,000	agricultural education

FUNDATROPICOS	Costa Rica	LAC	1993	local currency	n.a.	agricultural education, research
Costa Rican Export Promotion Fund (FUNDEX)	Costa Rica	LAC	1990	local currency	\$27,150,000	export promotion
Agricultural Devt Fdn (FDA)	Dominican Republic	LAC	1988	local currency	\$4,000,000	agricultural research
Superior Inst. of Agriculture (ISA)	Dominican Republic	LAC	1989	local currency	\$2,400,000	agricultural education, research
Junta Agro-empresarial Dom.	Dominican Republic	LAC	1992	local currency	\$1,260,000	agricultural development
Fund. Economia y Desarrollo (FEyD)	Dominican Republic	LAC	1994	local currency	\$652,000	economic development
Pontificia Univ. Catolica Madre y Maestra (PUCCM)	Dominican Republic	LAC	1994	local currency	\$435,000	democracy
FUNDAGRO	Ecuador	LAC	1988	local currency (PL-480)	\$3,300,000	ag research, extension, educ.
Institute for Agric. Strategies (IDEA)	Ecuador	LAC	1989	local currency (PL-480)	\$400,000	agricultural policy analysis
CADERH	Honduras	LAC	1995	dollars	\$600,000	education
Hond. Agric. Research Fdn (FHIA)	Honduras	LAC	1993	local currency	n.a.	agricultural development
Hond. Envir. Trust Fund (Fund. Vida)	Honduras	LAC	1993	local currency (PL 480)	\$10,000,000	environment
Pan-American Agric. School (Zamorano)	Honduras	LAC	1987	local currency	\$15,000,000	agricultural education

Jamaica Natl Parks Trust Fund	Jamaica	LAC	1990	local currency (debt swap)	\$400,000	environment
Mexico Nature Conserv. Fund	Mexico	LAC	1996	dollars	\$19,500,000	environment
Ecological Trust Fund (Fund Natura)	Panama	LAC	1995	dollars	\$8,000,000	environment
Argentina EAI Fund*	Argentina	LAC	1993	local currency (EAI)	\$3,100,000	environment and child survival
Bolivia EAI Fund*	Bolivia	LAC	1991	local currency (EAI)	\$21,800,000 (Bolivia has issued 10-yr \$20 million bond as part of this)	environment and child survival
Chile EAI Fund*	Chile	LAC	1992	local currency (EAI)	\$18,700,000	environment and child survival
Colombia EAI Fund*	Colombia	LAC	1992	local currency (EAI)	\$41,600,000	environment and child survival
Initiative for Americas Fund-El Salv.*	El Salvador	LAC	1992	local currency (EAI)	\$41,200,000	environment and child survival
Environmental Fdn of Jamaica (EFJ)*	Jamaica	LAC	1992	local currency (EAI)	\$21,500,000	environment and child survival
Fund of the Americas-Uruguay*	Uruguay	LAC	1993	local currency (EAI)	\$6,193,400	environment and child survival
	Peru	LAC	1998	local currency (EAI)	(approx.) \$23,000,000	environment and child survival
LAC TOTAL					\$362,690,400	No. of environment endowments: 13

TOTAL (All Regions)	\$620,971,400	No. of environment endowments: 17
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* Financed by the U.S. government (not USAID)

Source: adapted from Horkan and Jordan 1996.